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RICHARD A. MARSHACK

7 UNITED STATES BANKRUPTCY COURT

8 CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION

10 In re  
11 NORTHERN HOLDING, LLC,  
12 Debtor.

Case No. 8:20-bk-13014-SC  
Chapter 7  
TRUSTEE'S STATUS REPORT  
REGARDING ONGOING CIVIL  
CONTEMPT PROCEEDINGS

14 [CONTINUED ORDER DOCKET NO. 424]

15 Continued Hearing

16 Date: November 8, 2023  
17 Time: 11:00 a.m.  
Ctrm: 5C – via ZoomGov  
Location: United States Bankruptcy Court  
411 West Fourth Street  
Santa Ana, CA 92701-4593

19 TO THE HONORABLE SCOTT C. CLARKSON, UNITED STATES BANKRUPTCY JUDGE,  
20 THE OFFICE OF THE UNITED STATES TRUSTEE, AND ALL INTERESTED PARTIES:

21 Richard A. Marshack, the chapter 7 trustee (“Trustee”) of the bankruptcy estate (“Estate”) of  
22 Northern Holding, LLC (“Debtor”), submits this status report regarding the ongoing civil contempt  
23 proceedings against LeRoy E. Codding, IV (“Codding”).

24 **1. Factual Restatement**

25 On October 28, 2020, Debtor filed a voluntary petition for bankruptcy under Chapter 11 of  
26 Title 11 of the United States Code, initiating the above-captioned bankruptcy case. Codding was the  
27 managing member of Debtor. Codding is also the managing member of Fluid Wine Fund I, LLC, a  
28 // /

1 Nevada limited liability company (“FWF”), which is the 100% shareholder of Rabbit Ridge Wine  
2 Sales, Inc. (“Rabbit Ridge”).

3 On June 15, 2021 (“Conversion Date”), the case was converted to Chapter 7. Richard A.  
4 Marshack was appointed as the Chapter 7 trustee of the converted case.

5 On August 9, 2021, as Dk. No. 184, a stipulation (“Turnover Stipulation”) signed by Trustee  
6 and Codding (on behalf of Rabbit Ridge) was filed, where Codding, on behalf of Rabbit Ridge,  
7 agreed to entry of an order for turnover of real property commonly known as 1172 San Marcos Road  
8 (“San Marcos Property”), and adjacent real property APN No. 027-145-022 (“Texas Road  
9 Property”).

10 Also on August 9, 2021, as Dk. No. 186, Trustee filed a motion to authorize operations of on  
11 Estate properties for the limited purpose of growing, cultivating, and harvesting grapes for the Fall  
12 2021 period (“Operate Motion”). Attached to the Operate Motion was a declaration by Codding,  
13 signed by Codding, and also a farm operator agreement (“Farm Agreement”) signed by Trustee and  
14 Codding. The Farm Agreement was jointly drafted by Trustee and Codding. In connection with the  
15 Operate Motion, Trustee negotiated a stipulated agreement to use cash collateral with secured  
16 creditor Farm Credit West, FLCA (now AgWest Farm Credit, FLCA), which was read into the  
17 record at the hearing on the Operate Motion.

18 On August 23, 2021, as Dk. No. 196, the Court entered an order approving the Turnover  
19 Stipulation (“Turnover Order”).

20 On September 7, 2021, as Dk. No. 211, the Court entered an order approving the Operate  
21 Motion and the Farm Agreement (“Operate Order”). Under the Operate Order, Codding was  
22 authorized to operate a farming business on the San Marcos Property, Texas Road Property, and a  
23 third parcel commonly known as 2380 Live Oak Road, Paso Robles, CA (“Live Oak Property” and  
24 together with the other two properties, the “Properties”).

25 Between August 26, 2021 and November 24, 2021, Codding and/or Rabbit Ridge directly  
26 received funds from the sale of grapes grown on and harvested from the Properties in 2021, in the  
27 total amount of \$140,931.91. Trustee never provided any authorization to Codding or Rabbit Ridge  
28 to directly receive any funds from farming operations.

1       On April 1, 2022, as Dk. No. 304, Trustee filed a motion for issuance of an order to show  
2 cause re: civil contempt (“OSC Motion”), arguing that Codding’s actions violated both the Turnover  
3 Order and the Operate Order.

4       On July 1, 2022, as Dk. No. 350, Codding filed an opposition to the OSC Motion.

5       On October 26, 2022, as Dk. No. 359, the Court entered an order to show cause against  
6 Codding (previously defined as “OSC”), setting an evidentiary hearing for February 16, 2023, which  
7 was eventually continued to May 11, 2023. Trial briefs and evidence was submitted to the Court.

8       On May 11, 2023, the Court conducted a hearing on the OSC, and testimony of witnesses  
9 was presented both in person and over ZoomGov. At the conclusion of the hearing, Trustee and  
10 Codding entered into stipulated terms to resolve the OSC, which were read into the record. The  
11 Court set a continued hearing date for June 15, 2023, at 11:00 a.m.

12      On May 12, 2023, as Dk. No. 394, Trustee filed a stipulation signed by Codding which  
13 memorialized and supplemented the terms read into the record (“Contempt Stipulation”). The  
14 Contempt Stipulation provided that Codding would pay up to \$140,000 to the Estate by June 14,  
15 2023, or otherwise would agree to be adjudicated in contempt.

16      On May 16, 2023, as Dk. No. 397, secured creditor AgWest Farm Credit, FLCA (“FCW”)  
17 filed an objection to the Contempt Stipulation, regarding the treatment of the contempt sanctions.  
18 This objection was later resolved by stipulation.

19      No funds were received by June 14, 2023.

20      On July 28, 2023, as Dk. No. 416, the parties filed a subsequent stipulation providing an  
21 increased payment of \$160,000 to be made by September 12, 2023, by Codding, which stipulation  
22 was approved by an order of the Court entered as Docket No. 417.

23      No funds were received by September 12, 2023.

24      On September 13, 2023, as Dk. No. 421, a further status report was filed where Codding  
25 offered to pay an increased amount of \$170,000. However, no funds were received by the date of  
26 the continued hearing on September 27, 2023. At the hearing, the Court found that Codding should  
27 be adjudicated in civil contempt, and set a continued hearing for October 18, 2023. “

28      ///

1 On October 5, 2023, as Dk. No. 424, the Court entered an order adjudicating Codding in  
2 civil contempt (“Contempt Order”). The Contempt Order provided that the agreed amount of  
3 \$170,000 must be paid by Codding no later than October 7, 2023, at 11:50 p.m. Pacific Prevailing  
4 Time.

5 No funds were received by October 7, 2023. At the hearing on October 18, 2023, the Court  
6 set a further continued hearing for November 8, 2023, based in part on Codding’s representation  
7 that he would obtain funds by October 31.

8 No funds were received by October 31, and no funds have been received to date. Trustee  
9 now provides this status report.

10 **2. Status Report**

11 The parties have remained in communication via e-mail and telephone. Mr. Codding has e-  
12 mailed Trustee stating that he will obtain a cashier’s check for \$170,000 by Friday, November 10  
13 (i.e. two days after the continued hearing), and immediately deliver the check to Trustee. A true and  
14 correct copy of this e-mail is attached as Exhibit “1.” Based on Codding’s latest update and a  
15 telephone call between Tinho Mang and Codding on November 6, 2023, the parties suggest that the  
16 hearing be continued to November 15, 2023, with appearances on November 8, 2023 to be vacated.  
17 Trustee suggests providing a further status report regarding whether the check was received by  
18 November 13-14, 2023, to allow for delivery time for the check. Separately, Trustee has reached an  
19 agreement with the farm laborers and will be filing a motion on negative notice to approve the  
20 settlement.

21

22 DATED: November 6, 2023

MARSHACK HAYS WOOD LLP

23

By: /s/ Tinho Mang

24

D. EDWARD HAYS

25

TINHO MANG

26

Attorneys for Chapter 7 Trustee

27

RICHARD A. MARSHACK

28

# Exhibit “1”

**From:** [Lee Codding](#)  
**To:** [Richard Marshack](#); [Tinho Mang](#)  
**Subject:** Friday Update as Promised: cashiers check to be overnighted 11/10/23  
**Date:** Friday, November 3, 2023 3:46:13 PM

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Gentlemen,

Funds to be released 11/10 by BofA.

(The balance of this above \$170k is for a move of family member to an assisted living care facility, just not me yet.)

I will get a cashiers check for \$170k on Friday November 10th and overnight it to your office.  
Unless you prefer a wire that day.

Thank you,  
Lee



Lee Codding  
Paso Robles, Calif.  
[lecoddingiv@icloud.com](mailto:lecoddingiv@icloud.com)

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
870 Roosevelt, Irvine, CA 92620

A true and correct copy of the foregoing document entitled: **TRUSTEE'S STATUS REPORT REGARDING ONGOING CIVIL CONTEMPT PROCEEDINGS** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **November 6, 2023**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:** On **November 6, 2023**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

**DEBTOR**  
NORTHERN HOLDING, LLC  
ATTN: OFFICER, A MANAGING OR GENERAL AGENT,  
OR TO ANY OTHER AGENT AUTHORIZED BY  
APPOINTMENT OR LAW TO RECEIVE SERVICE  
13217 JAMBOREE RD #429  
TUSTIN, CA 92782

**INTERESTED PARTY**  
LEE CODDING  
13217 JAMBOREE ROAD, #429  
TUSTIN, CA 92782

Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL:** Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **November 6, 2023**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

**VIA PERSONAL DELIVERY:**

**PRESIDING JUDGE'S COPY**  
HONORABLE SCOTT C. CLARKSON  
UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
RONALD REAGAN FEDERAL BUILDING AND COURTHOUSE  
411 WEST FOURTH STREET, SUITE 5130 / COURTROOM 5C  
SANTA ANA, CA 92701-4593

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

November 6, 2023  
Date

Chanel Mendoza  
Printed Name

/s/ *Chanel Mendoza*  
Signature

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): CONTINUED:**
  - **INTERESTED PARTY COURTESY NEF:** William H Brownstein Brownsteinlaw.bill@gmail.com
  - **INTERESTED PARTY COURTESY NEF:** Steve Burnell Steve.Burnell@gmlaw.com, sburnell@ecf.courtdrive.com; sburnell@ecf.inforuptcy.com; cheryl.caldwell@gmlaw.com; denise.walker@gmlaw.com
  - **INTERESTED PARTY COURTESY NEF:** Kevin W Coleman kcoleman@nutihart.com, admin@nutihart.com
  - **INTERESTED PARTY COURTESY NEF:** Robert P Goe kmurphy@goeforlaw.com, rgoe@goeforlaw.com; goeforecf@gmail.com
  - **ATTORNEY FOR US TRUSTEE:** Nancy S Goldenberg nancy.goldenberg@usdoj.gov
  - **ATTORNEY FOR CREDITOR FARM CREDIT WEST, FLCA:** Michael J Gomez mgomez@frandzel.com, dmoore@frandzel.com
  - **ATTORNEY FOR CHAPTER 7 TRUSTEE RICHARD A MARSHACK:** D Edward Hays ehays@marshackhays.com, ehays@ecf.courtdrive.com; kfrederick@ecf.courtdrive.com; cmendoza@marshackhays.com; cmendoza@ecf.courtdrive.com
  - **ATTORNEY FOR RESPONDENT ERICH RUSSELL and RESPONDENT JOANNE RUSSELL:** Kari L Ley Ley1238@att.net
  - **ATTORNEY FOR CHAPTER 7 TRUSTEE RICHARD A MARSHACK:** Tinho Mang tmang@marshackhays.com, tmang@ecf.courtdrive.com; kfrederick@ecf.courtdrive.com; cmendoza@ecf.courtdrive.com
  - **CHAPTER 7 TRUSTEE RICHARD A MARSHACK:** Richard A Marshack (TR) pkraus@marshackhays.com, rmarshack@iq7technology.com; ecf.alert+Marshack@titlexi.com
  - **ATTORNEY FOR INTERESTED PARTY BANK DIRECT CAPITAL FINANCE:** Elissa Miller elissa.miller@gmlaw.com, emillersk@ecf.courtdrive.com; cheryl.caldwell@gmlaw.com
  - **ATTORNEY FOR CREDITOR AZCONA HARVESTING:** Paul William Moncrief Paul@Moncriefhart.com
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  - **ATTORNEY FOR CREDITOR ADLER BELMONT GROUP, INC:** Paul F Ready becky@farmerandready.com
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  - **ATTORNEY FOR CHAPTER 7 TRUSTEE RICHARD A MARSHACK:** D Kristine A Thagard kthagard@marshackhays.com, kthagard@ecf.courtdrive.com; kfrederick@ecf.courtdrive.com
  - **US TRUSTEE (SA):** United States Trustee (SA) ustpregion16.sa.ecf@usdoj.gov
  - **ATTORNEY FOR CREDITOR FARM CREDIT WEST, FLCA:** Reed S Waddell rwaddell@frandzel.com, sking@frandzel.com
  - **ATTORNEY FOR CREDITOR FARM CREDIT WEST, FLCA:** Gerrick Warrington gwarrington@frandzel.com, achase@frandzel.com
  - **ATTORNEY FOR CHAPTER 7 TRUSTEE RICHARD A MARSHACK:** David Wood dwood@marshackhays.com, dwood@ecf.courtdrive.com; lbuchananmh@ecf.courtdrive.com; kfrederick@ecf.courtdrive.com

4885-9297-2163, v. 1